

## Message Text

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70

ACTION AID-59

INFO OCT-01 AF-10 ISO-00 SP-03 EB-12 NSC-07 RSC-01 CIEP-03

TRSE-00 SS-20 STR-08 OMB-01 CEA-02 IGA-02 IO-14 H-03

L-03 AGR-20 FRB-03 SWF-02 CIAE-00 INR-11 NSAE-00

DRC-01 /186 W

----- 084533

R 011335Z OCT 74

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 6610

INFO AMEMBASSY NAIROBI

C O N F I D E N T I A L TANANARIVE 1525

E.O. 11652: GDS

TAGS: PFOR, EAID, MA, US

SUBJECT: AID PROJECT FOR MADAGASCAR

NAIROBI FOR REDSO

REFS: A. STATE 206830; B. STATE 214290

1. THIS EMBASSY HAS BEEN APPLYING WHAT IT HAS UNDERSTOOD BE SECRETARY OF STATE'S POLICY: TO MAKE U.S. AID SERVE U.S. POLICY INTERESTS AND OBJECTIVES. WE HAVE BEEN TRYING, WITH SOME PROMISE OF SUCCESS, USE AID TO HELP ACHIEVE SECRETARY'S MAJOR POLICY OBJECTIVE OF PREVENTING LEGITIMATE CAMBODIAN GOVERNMENT FROM BEING DISPLACED IN UN, AS WELL AS BRING ABOUT SUBSTANTIAL MODIFICATION IN PREVIOUSLY HOSTILE ATTITUDE OF MALAGASY FOREIGN MINISTER ON OTHER MATTERS OF STRONG U.S. INTEREST.

2. HOWEVER, REFTELS, ESPECIALLY (B), UNFORTUNATELY APPEAR DEROGATE FROM AUTHORITY PREVIOUSLY GRANTED BY DEPT IN STATE 68529 (NOTAL) TO DISCUSS NEW AID PROJECT WITH GOMR, BUT WITHOUT COMMITMENT. WE ARE DISTRESSED THAT WASHINGTON NOW SEEMS BE THINKING IN TERMS POSSIBLE PROJECT IN FY-77  
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(TWO YEARS FROM NOW) RATHER THAN FY-76. IF THIS MESSAGE

GETS THROUGH TO GOMR, IT WILL UNDOUBTEDLY UNDERCUT PROGRESS WE THINK WE HAVE BEEN MAKING IN BRINGING MALAGASY FOREIGN MINISTER AROUND.

3. WE RECOGNIZE THAT, IN USING AID FOR ACHIEVEMENT U.S. POLICY OBJECTIVES, THERE ARE CERTAIN CONSTRAINTS, LEGAL AND OTHERWISE, WHICH GOVERN DEPT AND A.I.D. ACCEPTING HIGHER PRIORITIES BEING GIVEN TO RLDCS AND TO MSAS, AS STATED REFTEL (B), DOES NOT MADAGASCAR QUALIFY AT LEAST AS RLDC SINCE IT HAS BEEN PLACED ON UN LIST OF 25 COUNTRIES SO CLASSIFIED? IF THAT IS CASE, THERE ARE SURELY INSTANCES OF RLDCS AND MSAS RESOLUTELY HOSTILE TO U.S. INTERESTS (SUCH AS TANZANIA), IN CONTRAST TO RLDC LIKE MADAGASCAR WHERE AID APPEARS OFFER INSTRUMENT FOR SERVING U.S. POLITICAL INTERESTS POSITIVELY. WHY THEN IN SUCH CASE SHOULD MADAGASCAR NOT BE FAVORED OVER HOSTILE RLDCS OR MSAS FOR AID PROJECTS?

4. GIVEN FUND LIMITATIONS, WE ARE NOT SUGGESTING FLASHY, GRANDIOSE, OR COSTLY PROJECT FOR MADAGASCAR. WE ALSO RECOGNIZE NEED FOR A.I.D. TO HAVE PROJECT DEVELOPED IN ORDER BUDGET FOR IT. WE BELIEVE HOWEVER THAT IT MAY BE POSSIBLE, IN CONJUNCTION WITH WORLD BANK AND GOMR, TO HAVE PROJECT READY FOR FY-76 FINANCING (RATHER THAN WAITING UNTIL FY-77). WE NOTE IN THIS CONNECTION THAT IDA/R74-69, JULY 3, 1974, "MALAGASY REPUBLIC: LIVESTOCK AND RURAL DEVELOPMENT PROJECT," STATES (P. 5, PARA 16): "SEVERAL ADDITIONAL PROJECTS FOR GENERAL AGRICULTURAL DEVELOPMENT ARE AT VARIOUS STAGES OF PREPARATION AND SHOULD RESULT IN BANK GROUP FINANCING IN THE NEXT TWO FISCAL YEARS." THUS, IT MAY WELL BE POSSIBLE TO JOIN A.I.D. FUNDS WITH IDA FOR FY-76 AGRICULTURAL PROJECT (PERHAPS FREEING SOME IDA FUNDS FOR WORTHY ROAD PROJECTS WHICH A.I.D. APPARENTLY NOT PREPARED FINANCE).

5. WE PLEASED THAT DEPT/A.I.D. WILL PURSUE DISCUSSIONS WITH IBRD. WE BELIEVE HOWEVER THAT IT IS DESIRABLE THAT WE INITIATE DISCUSSIONS ALSO WITH GOMR. ONLY IN THIS MANNER CAN WE DETERMINE WHAT GOMR VIEWS ON PROJECT POSSIBILITIES AND PRIORITIES ARE, AND CAN WE BEGIN PROCESS OF PROJECT  
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PREPARATION AT THIS END WHICH A.I.D. REQUIRES FOR BUDGETING PURPOSES. JUDGING FROM REF (B), SUCH DISCUSSIONS WOULD HAVE TO GET UNDER WAY SHORTLY IF THERE IS TO BE ANY CHANCE OF CONSIDERATION OF PROJECT DURING FY-76 BUDGETARY PROCESS.

6. THEREFORE, REQUEST REAFFIRMATION OF AUTHORITY GRANTED EMBASSY STATE 68529 TO DISCUSS POSSIBLE ADDITIONAL

PROJECT WITH GOMR, BUT WITHOUT COMMITMENT OR PRECISE  
TIME FRAME. AS CAN BE SEEN FROM TANANARIVE'S 1500, WE  
WOULD BE CAREFUL IN SUCH DISCUSSIONS TO AVOID ANY  
IMPLICATION OF COMMITMENT UNTIL WE HAVE WASHINGTON APPROVAL.  
MENDENHALL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 OCT 1974  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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